Canadian Express

2000 Annual Report

Financial Summary

As at December 31 *thousands, except per share amounts*	**2000**	1999
Net income before disposition and settlement gains	**$ 7,299**	$ 7,573
Disposition and settlement gains	**16,433**	—
Net income	**23,732**	7,573
Preferred share dividends	**(7,088)**	(15,000)
Net income (loss) for common shares	**$ 16,644**	$ (7,427)
Cash flow from operating activities	**$ 6,456**	$ 6,696

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Report to Shareholders

Canadian Express successfully completed a corporate reorganization during 2000 whereby it stabilized its financial position through a combination of asset sales, a reduction in higher cost preferred share financing and a successful issue of common share equity. This enabled the company to establish a clearly defined principal business focus: to provide its common shareholders with an appropriately leveraged investment in Brascan Corporation. As a result of this reorganization, the company's operating cash flow is now sufficient to support anticipated cash dividend payments, and common shareholders are well positioned to benefit from increases in the value of the company's investments.

Operating review

Canadian Express reported net income excluding transactional gains of $7.3 million in 2000 compared with $7.6 million in 1999. The company also recorded non-recurring gains of $16.4 million (1999 - $nil) resulting in aggregate net income of $23.7 million. The non-recurring gains recorded in 2000 include a gain on the sale of the company's investment in Westfield Minerals Limited of $5.7 million, and the company's share of a settlement gain recorded by Consolidated Enfield amounting to $10.7 million.

Review of investments

Brascan Corporation

The company's principal investment is 3.3 million shares of Brascan Corporation, with a book value and quoted market value of $74.0 million and $73.1 million, respectively, as at December 31, 2000.

Brascan's 2000 net income was $648 million compared to $423 million in 1999. Brascan's net income in 2000 included net investment gains of $250 million earned on the sale of its 39% interest in Canadian Hunter Exploration Ltd. Included in 1999 net income were net investment gains of $110 million, from investment gains recognized by affiliates Trilon Financial Corporation and Nexfor Inc.

Canadian Express will pursue opportunities to increase its interest in Brascan where appropriate, in furtherance of its principal business focus.

Consolidated Enfield Corporation

The company owns an 86% preferred share interest in Consolidated Enfield Corporation which has a book value of $23.1 million as at December 31, 2000. This book value approximates the company's share of the net assets of Enfield.

During the year, Enfield settled all of its outstanding claims with respect to a 1989 transaction involving the pension plans of Enfield and its subsidiaries. This resulted in a gain to Enfield of $12.5 million, of which Canadian Express' pro rata share was $10.7 million.

Canadian Express will continue to purchase additional preferred shares but will also pursue opportunities to liquidate this investment for value.

Other Investments

The company tendered its 61% common share ownership interest in Westfield Minerals Limited during the year to a takeover offer from B.C. Pacific Capital Corporation Limited. This resulted in cash proceeds to Canadian Express of $22.1 million and a gain of $5.7 million.

The company also collected notes receivable of US $10 million thereby receiving proceeds of Cdn. $14.5 million.

Although the company's principal business focus is to acquire and own Brascan securities, other investment opportunities may also be pursued in order to further enhance shareholder returns.

Corporate reorganization

The objectives of the corporate restructuring completed during 2000 included reducing the financing cost associated with its preferred share capital, increasing the equity base of the common shares and endeavouring to reduce the annual shortfall between the company's operating cash flow and preferred share dividend payments over time. In order to accomplish these objectives, the company implemented the following initiatives:

- The company reduced the principal amount of its issued and outstanding preferred shares by $65 million in exchange for cash consideration of $50 million paid to the holders of the preferred shares. This resulted in contributed surplus of $15 million which was applied to reduce the company's common share deficit. Annual preferred share dividend obligations were reduced by $6.5 million.

- The company raised additional common share equity of approximately $10 million through a rights offering of common shares to all common shareholders to increase the company's common share equity and supplement its cash resources. Senior executives of Brascan and its affiliates purchased a significant number of common shares pursuant to the offering thereby ensuring its success and, more importantly, providing the company with strong ongoing sponsorship.

As a result of these initiatives, the annual preferred share dividend obligations of the company were reduced from $15 million per year to $8.5 million per year. The company's dividend policy is to pay out approximately $6 million of preferred share dividends each year which is reflective of the company's operating cash flows. The company will continue to evaluate its financial structure in the context of its ongoing business affairs and will review alternative methods of refinancing the remaining preferred shares in a manner that would ultimately relieve the company of any obligations in respect of the accrued but unpaid dividends.

Brian D. Lawson
President
March 20, 2001

OVERVIEW

Canadian Express is an investment holding company which owns a portfolio of financial assets and corporate investments.

INCOME STATEMENT ANALYSIS

The following table presents the company's earnings for the year ended December 31, 2000 compared with the previous year:

thousands	**2000**	1999
Investment income		
Dividends, interest and other	**$ 3,985**	$ 4,341
Brascan Corporation	**3,280**	3,264
Consolidated Enfield Corporation	**441**	786
	7,706	8,391
Expenses		
Operating	**582**	515
Minority interest	**(175)**	303
	407	818
Net income before the following	**$ 7,299**	$ 7,573
Gain on sale of Westfield Minerals Limited	**5,683**	—
Share of Enfield settlement gain	**10,750**	—
Net income	**$ 23,732**	$ 7,573

Dividends, interest and other

Dividends, interest and other income arise principally from the company's financial assets, which represent investments in loans receivable and deposits, and securities held both directly and through 99%-owned American Resource Corporation Limited.

Brascan Corporation

Canadian Express accounts for its investment in Brascan on the cost basis, and accordingly, recognizes dividends as income in the year of receipt. Brascan paid a consistent dividend of $0.98 per share during 1999 and the first three quarters of 2000. In the last quarter of 2000, Brascan increased its annual dividend to $1.00. Total receipts of these dividends by Canadian Express were approximately $3.3 million in both 2000 and 1999.

Consolidated Enfield Corporation

Canadian Express accounts for its investment in Enfield on an equity basis, and accordingly, recognizes its share of Enfield's net income. Prior to 1999, Enfield's net book value attributable to the preferred shares was less than the company's carried cost and no income was recognized until Enfield had recorded sufficient net income to eliminate this deficit which occurred during 1999. In 2000, $11.2 million (1999 - $0.8 million) in equity accounted income was included in the company's results, including $10.8 million representing the company's share of Enfield's settlement gain.

Expenses

Operating costs include the administration costs of the company and its subsidiary, American Resource Corporation Limited and were slightly higher than the same period in 1999 due to costs associated with the corporate restructuring. Operating costs were offset slightly by a minority interest contribution, representing the equity interest of the minority shareholders in 99%-owned American Resource Corporation Limited, of $0.2 million in 2000 compared with an expense of $0.3 million in 1999.

BALANCE SHEET ANALYSIS

The company's total assets declined to $109 million at the end of 2000 compared with $133 million at the end of 1999 as a result of the sale of the company's investments in Westfield Minerals Limited and its investment in Brookfield Homes Inc. floating rate notes. This was partially offset by an increase in the company's investment in Consolidated Enfield Corporation.

The following table summarizes the company's balance sheet as at December 31, 2000:

thousands	**2000**	1999
Assets		
Financial assets		
Loans receivable and deposits	**$ 1,956**	$ 6,338
Securities	**10,000**	40,605
	11,956	46,943
Corporate investments		
Brascan Corporation	**74,005**	74,005
Consolidated Enfield Corporation	**23,145**	11,945
	97,150	85,950
	$ 109,106	$ 132,893
Liabilities		
Accounts payable and provisions	**$ 2,435**	$ 2,662
Minority interest	**741**	916
Shareholders' equity		
Preferred shares	**85,000**	150,000
Common shares	**32,936**	22,965
Deficit	**(12,006)**	(43,650)
	$ 109,106	$ 132,893

Financial assets

Financial assets decreased from $46.9 million to $12.0 million during the year ended December 31, 2000.

The composition of the company's securities portfolio is as follows:

thousands		**2000**	1999
Issuer	**Security**		
Brascade Resources Ltd.	8% perpetual preferred shares	**$ 10,000**	$ 10,000
Brookfield Homes Inc.	US floating rate notes	—	14,500
Westfield Minerals Limited	9,264,841 common shares	—	16,105
		$ 10,000	$ 40,605

The company sold its investment in Westfield Minerals Limited during 2000 for proceeds of approximately $22.1 million. In addition, the company's $14.5 million position in Brookfield Homes Inc. floating rate notes were redeemed for proceeds equal to carried cost.

Corporate investments

Brascan Corporation

The investment in Brascan consists of 3.3 million shares, representing a 2% fully diluted equity interest. The quoted market value of this investment as at December 31, 2000 was $21.95 per share or $73.1 million. The company's share of Brascan's fully diluted book value of $24.24 per share amounted to $80.0 million.

Brascan and its affiliates provide a diversified range of products and services to their customers and clients. The group owns and operates more than 120 major production facilities and properties, located mainly in Canada, the United States and South America, employing over 50,000 people.

Consolidated Enfield Corporation

The company holds a 5,429,840 common share interest in Enfield (representing a 49% interest) with a carried cost of nil and 1,441,105 Class E preferred shares, Series 1 of Enfield (representing an 86% interest) at a carried value of $23.1 million. During 2000, the company acquired 1,500 (1999 - 21,700) preferred shares at a cost of $0.01 million (1999 - $0.1 million) and earned $11.2 million of equity income. As at December 31, 2000, the underlying net book value of Enfield attributable to the common shares and the Class E preferred shares is nil and approximately $16.00 per share, respectively.

NET ASSET VALUE

The net asset values set forth in the following table reflect the market price of the Brascan Class A Limited Voting shares on the TSE as at the close of business on December 31, 2000 and the underlying book value of Enfield as at December 31, 2000. The net asset values do not take account of control positions or discounts of assets, nor do they take into consideration the impact, if any, of holding company discounts.

As at December 31, 2000 *thousands*	Book Value	Net Asset Value
Financial assets[1]	$ 11,956	$ 11,956
Corporate investments		
Brascan Corporation[2]	74,005	73,102
Consolidated Enfield Corporation[3]	23,145	23,145
	109,106	108,203
Less		
Liabilities[1]	2,435	2,435
Minority interest[1]	741	741
Preferred shares[1]	85,000	85,000
Common shares	$ 20,930	$ 20,027
Per common share	$0.60	$0.57

(1) Net asset value shown at their respective book values.

(2) The investment in Brascan represents 3,330,400 Class A Limited Voting shares of Brascan with a market value of $21.95 per share at December 31, 2000.

(3) The investment in Enfield represents 5,429,840 common shares and 1,441,105 Class E preferred shares, Series 1. The net asset value is based on the underlying book values attributable to the common shares and preferred shares of Enfield as at December 31, 2000 which were nil and $16.00, respectively.

LIQUIDITY AND CAPITAL RESOURCES

Shareholders' equity

thousands	**2000**	1999
Preferred shares	**$ 85,000**	$ 150,000
Common shares	**32,936**	22,965
Deficit	**(12,006)**	(43,650)
	$ 105,930	$ 129,315

In 2000, shareholders' equity consists of one series of preferred shares with a stated value of $85 million and 34.9 million common shares with a book value of $20.9 million. As part of the corporate reorganization, $50 million of Series I preferred shares and $15 million of Series II preferred shares were redeemed in full for consideration of $50 million. The reduction in stated value of the Series II preferred shares resulted in contributed surplus of $15 million which was applied to reduce the common shareholders deficit. In addition, the company raised additional common share equity of $10 million pursuant to a rights offering.

Preferred shares

thousands	Issued	**2000**	1999
Series I	nil (1999 - 16,666,667)	**$ —**	$ 50,000
Series II	26,153,846 (1999 - 30,769,231)	**85,000**	100,000
		$ 85,000	$ 150,000

The terms of the preferred shares are described in Note 7 to the consolidated financial statements on page 14 of this report.

The articles of the preferred shares provide for the payment of cumulative preferred share dividends at a rate of 10% per annum, however the company's dividend policy is to pay dividends at a rate of 7% which reflects the company's operating cash flows. As at December 31, 2000, the aggregate amount of cumulative unpaid preferred share dividends total $3.0 million. The company will continue to evaluate its financial structure in the context of its ongoing business affairs and will review alternative methods of refinancing the remaining preferred shares in a manner that would relieve the company of obligations in respect of the unpaid dividends.

Common shares

Common shares increased to 34,871,472 from 8,829,260 pursuant to a rights offering. Common shares are shown net of 1.6 million shares owned by AXE Canada Inc. The company owns 49% of the voting shares of AXE and 99.9% of the equity of AXE, and accordingly, the common shares are eliminated for accounting purposes.

Canadian Express' common shares trade on The Toronto Stock Exchange under the symbol CXE.

Auditors' Report

To the Shareholders
of Consolidated Canadian Express Limited

We have audited the consolidated balance sheets of Consolidated Canadian Express Limited as at December 31, 2000 and 1999 and the consolidated statements of operations, deficit and cash flows for the years then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the company as at December 31, 2000 and 1999 and the results of its operations and its cash flow for the years then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Toronto, Canada
March 1, 2001

Chartered Accountants

Consolidated Balance Sheet

As at December 31 *thousands*	Note	2000	1999
Assets			
Financial assets			
Loans receivable and deposits	2	**$ 1,956**	$ 6,338
Securities	3	**10,000**	40,605
		11,956	46,943
Corporate investments	4		
Brascan Corporation		**74,005**	74,005
Consolidated Enfield Corporation		**23,145**	11,945
		97,150	85,950
		$ 109,106	$ 132,893
Liabilities			
Accounts payable and provisions	5	**$ 2,435**	$ 2,662
Minority interests	6	**741**	916
Shareholders' equity	7		
Preferred shares		**85,000**	150,000
Common shares		**32,936**	22,965
Deficit		**(12,006)**	(43,650)
		105,930	129,315
		$ 109,106	$ 132,893

On behalf of the Board

Frank N.C. Lochan, *Director*

Brian D. Lawson, *Director*

Consolidated Statement of Operations

For the years ended December 31

thousands, except per share amounts	Note	2000	1999
Investment income	8	**$ 7,706**	$ 8,391
Expenses			
Operating	11	**582**	515
Minority interest		**(175)**	303
		407	818
Net income before the following		**7,299**	7,573
Gain on sale of Westfield Minerals Ltd.	11	**5,683**	—
Share of Enfield settlement gain	12	**10,750**	—
Net income		**$ 23,732**	$ 7,573
Net income (loss) per common share	10	**$ 0.62**	$ (0.84)

Consolidated Statement of Deficit

For the years ended December 31

thousands	2000	1999
Deficit, beginning of year	**$ (43,650)**	$ (36,223)
Net income	**23,732**	7,573
Preferred share dividends	**(7,088)**	(15,000)
Contributed surplus	**15,000**	—
Deficit, end of year	**$ (12,006)**	$ (43,650)

Consolidated Statement of Cash Flows

For the years ended December 31

thousands	**2000**	1999
Cash flow from (used in) operating activities		
Net income	**$ 23,732**	$ 7,573
Add (deduct) non-cash items		
Investment gain	**(5,683)**	—
Equity income	**(11,191)**	(1,952)
Minority interest	**(175)**	303
Changes in working capital	**(227)**	772
	6,456	6,696
Cash flow from (used in) investing activities		
Securities sold	**36,288**	5,000
Corporate investments	**(8)**	(121)
	36,280	4,879
Cash flow from (used in) financing activities		
Preferred shares retired	**(50,000)**	—
Common shares issued	**9,970**	—
Preferred share dividends	**(7,088)**	(15,000)
	(47,118)	(15,000)
Loans receivable and deposits		
Decrease	**(4,382)**	(3,425)
Balance, beginning of period	**6,338**	9,763
Balance, end of year	**$ 1,956**	$ 6,338

Notes To The Consolidated Financial Statements

1. Summary of significant accounting policies

Business operations: The company is an investment holding company incorporated under the laws of Ontario with interests in diversified companies. In the ordinary course of business, the company carries on securities and financing transactions with its affiliates on normal market terms (see Note 11).

Principles of consolidation: These consolidated financial statements include the accounts of the company, its wholly-owned subsidiaries and 99%-owned American Resource Corporation Limited, a company incorporated in Bermuda.

Foreign currencies: Foreign currency assets and liabilities are translated into Canadian dollars at rates of exchange prevailing at the balance sheet date except for non-monetary items which are translated at historic rates. Revenue and expenses are translated at the average rate for the year, and translation gains and losses are included in consolidated net income.

Securities: Securities are carried at the lower of cost and their estimated market values with any adjustment required charged to investment income.

Corporate investments: The company accounts for its investments in Brascan Corporation on the cost basis and Consolidated Enfield Corporation on the equity basis.

Comparative figures: Certain of the prior year's amounts have been restated to conform to the presentation adopted in 2000.

2. Loans receivable and deposits

Loans receivable and deposits consist of net advances to Trilon Financial Corporation and its subsidiaries available on demand and are used by the company to fund its cash requirements.

3. Securities

The composition of the company's securities portfolio is as follows:

thousands		**2000**	1999
Issuer	**Security**		
Brascade Resources Ltd.	8% perpetual preferred shares	**$ 10,000**	$ 10,000
Brookfield Homes Inc.	US floating rate notes	—	14,500
Westfield Minerals Limited	9,264,841 common shares	—	16,105
		$ 10,000	$ 40,605

4. Corporate investments

thousands	**2000**	1999
Brascan Corporation	**$ 74,005**	$ 74,005
Consolidated Enfield Corporation	**23,145**	11,945
	$ 97,150	$ 85,950

Brascan Corporation: The company owns 3.3 million (1999 - 3.3 million) Class A limited voting shares of Brascan Corporation ("Brascan") representing a 2% fully diluted equity interest in Brascan, a diversified public company. During 2000, the company received dividends of $3.3 million (1999 - $3.3 million) from Brascan. The quoted market value of this investment at December 31, 2000 was $73.1 million.

Consolidated Enfield Corporation: The company holds a 5,429,840 common share interest in Enfield (representing a 49% interest) with a carried cost of nil and 1,441,105 Class E preferred shares, Series 1 of Enfield (representing an 86% interest) at a carried cost of $23.1 million. During 2000, the company acquired 1,500 (1999 - 21,700) preferred shares at a cost of $0.01 million (1999 - $0.1 million) and earned $11.2 million of equity income. As at December 31, 2000, the underlying net book value of Enfield attributable to the common shares and the Class E preferred shares is nil and $16.00 per share, respectively.

5. Accounts payable and provisions

thousands	**2000**	1999
Accounts payable	**$ 5**	$ 190
Provisions	**2,430**	2,472
	$ 2,435	$ 2,662

Provisions are for future tax and other costs associated with the restructuring of the company.

6. Minority interests

Minority interests represent the equity interests of minority shareholders in 99%-owned American Resource Corporation Limited.

7. Shareholders' equity

Authorized

50,000,000 preferred shares, issuable in series.
An unlimited number of common shares.

Issued and outstanding

dollars in thousands	Issued	**2000**	1999
Preferred shares			
Series I	nil (1999 - 16,666,667)	**$ —**	$ 50,000
Series II	26,153,846 (1999 - 30,769,231)	**85,000**	100,000
		85,000	150,000
Common shares	34,871,472 (1999 - 8,829,260)	**32,936**	22,965
Deficit		**(12,006)**	(43,650)
		$ 105,930	$ 129,315

During 2000, the company issued 26,042,212 common shares by way of a rights offering, for net proceeds of approximately $10 million.

During the year, the company redeemed $50 million Series I preferred shares and $15 million Series II preferred shares in exchange for cash consideration of $50 million. The resulting contributed surplus of $15 million has been allocated to reduce the company's deficit. The Series II preferred shares are cumulative, voting, convertible into common shares on the basis of one common share for twenty Series II preferred shares and redeemable at $3.25. The articles of the preferred shares provide for the payment of cumulative preferred share dividends at a rate of 10% per annum, however the company's current dividend policy is to declare and pay dividends at a rate of 7%. As at December 31, 2000, the aggregate amount of cumulative unpaid preferred share dividends total $3.0 million.

Common shares are shown net of 1,587,625 shares of the company owned by AXE Canada Inc. The company owns 49% of the voting shares and 99.9% of the equity of AXE, and accordingly, the shares have been eliminated in these consolidated financial statements.

8. Investment income

thousands	**2000**	1999
Dividends, interest and other - securities	**$ 3,985**	$ 4,341
Brascan Corporation - dividends	**3,280**	3,264
Consolidated Enfield Corporation - equity accounted income	**441**	786
	$ 7,706	$ 8,391

9. Income taxes

Effective January 1, 2000, the company adopted the new recommendations for accounting for income taxes. No transition adjustment was required at that time. The difference between the statutory rate of 44% and the effective rate of tax of nil is attributable principally to the company's dividend income, which has been taxed prior to receipt by the company, and income taxes being provided for by the company's affiliate which has been equity accounted.

The company has available non-capital losses of $4.4 million (1999 - $3.9 million) and net capital losses of $9.3 million (1999 - $9.3 million). The non-capital losses expire by 2007. The tax basis of the company's corporate investments exceeds their accounting carrying value by $132 million. No recognition has been given in these consolidated financial statements to the potential tax benefits associated with these items as it is considered unlikely that a benefit will be realized.

10. Net income (loss) per common share

The net income (loss) per common share is calculated after deducting preferred share dividend entitlements and is based on 21,850,366 (1999 - 8,829,260) common shares, being the weighted average number outstanding during the year.

11. Related party transactions

The following balances pertained to the company's major shareholder, Trilon Financial Corporation and Trilon's controlling shareholder, Brascan Corporation, and its controlled and significantly influenced companies at December 31, 2000: loans receivable and deposits - \$2.0 million, net (1999 - \$6.3 million, net); securities - \$10.0 million (1999 - \$40.6 million); and investment income - \$7.7 million (1999 - \$8.4 million). Dividends, interest and other investment income includes equity accounted income of nil (1999 - \$1.2 million). The company tendered its investment in Westfield common shares to B.C. Pacific Capital Corporation, a related party, for cash consideration of \$22.1 million. Trilon provides management and administrative services to the company on a recovery-of-cost basis. The costs for these services were \$267,000 in each of 2000 and 1999.

The company's financial assets have a net realizable value which approximates their carried value.

12. Enfield settlement gain

The Enfield settlement gain includes the company's share of gains arising from the settlement of all Enfield's outstanding legal claims in respect of a 1989 transaction involving the pension plans of Enfield and its subsidiaries, together with the recovery of related provisions established in prior years. As a result of the settlement, Enfield received cash proceeds of \$10.6 million which, after the recovery of associated provisions of \$3.0 million and the deduction of associated costs, gave rise to an aggregate net gain to Enfield of \$12.4 million.

Corporate Information

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